



February 15, 2005

HOUSE BILL No. 1623

DIGEST OF HB 1623 (Updated February 9, 2005 1:36 pm - DI 77)

Citations Affected: IC 12-15; IC 12-16.

Synopsis: Medicaid and HCI program. Retroactively extends the expiration dates of provisions: (1) prohibiting the office of Medicaid policy and planning from providing incentives to primary care medical providers for directing individuals to contracted hospitals other than a hospital in a city where the patient resides; and (2) concerning reimbursement rates for hospitals that previously contracted with the office's managed care contractor for the provision of services under the office's managed care program. Provides that a hospital care for the indigent (HCI) program application may be filed 45 days after the person is released from the hospital. Requires the division of family and children to accept HCI program application information obtained by the hospital and permit interviews by telephone. Provides that the division's failure to act on a claim or complete an investigation is not a reason to deny assistance. Repeals right to recover HCI program amounts paid from certain persons.

Effective: December 31, 2004 (retroactive); upon passage.

Becker, Brown C, Budak

January 19, 2005, read first time and referred to Committee on Public Health.
February 14, 2005, amended, reported — Do Pass; referred to Committee on Ways and Means pursuant to Rule 127.

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HB 1623—LS 7525/DI 77+



February 15, 2005

First Regular Session 114th General Assembly (2005)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2004 Regular Session of the General Assembly.

HOUSE BILL No. 1623

A BILL FOR AN ACT concerning human services.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 12-15-11.5-3 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE DECEMBER 31, 2004 (RETROACTIVE)]:
3 Sec. 3. (a) The office or the office's managed care contractor may not
4 provide incentives or mandates to the primary medical provider to
5 direct individuals described in section 2 of this chapter to contracted
6 hospitals other than a hospital in a city where the patient resides.
7 (b) The prohibition in subsection (a) includes methodologies that
8 operate to lessen a primary medical provider's payment due to the
9 provider's referral of an individual described in section 2 of this chapter
10 to the hospital in the city where the individual resides.
11 (c) If a hospital's reimbursement for nonemergency services that are
12 provided to an individual described in section 2 of this chapter is
13 established by:
14 (1) statute; or
15 (2) an agreement between the hospital and the individual's
16 managed care contractor;
17 the hospital may not decline to provide nonemergency services to the
18 individual on the basis that the individual is enrolled in the Medicaid

HB 1623—LS 7525/DI 77+



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1 risk based program.

2 (d) A hospital that provides services to individuals described in
3 section 2 of this chapter shall comply with eligibility verification and
4 medical management programs negotiated under the hospital's most
5 recent contract or agreement with the office's managed care contractor.

6 (e) This section expires December 31, ~~2004~~ 2006.

7 (f) Notwithstanding subsection (a), this section does not prohibit the
8 office or the office's managed care contractor from directing
9 individuals described in section 2 of this chapter to a hospital other
10 than a hospital in a city where the patient resides if both of the
11 following conditions exist:

12 (1) The patient is directed to a hospital other than a hospital in a
13 city where the patient resides for the purpose of receiving
14 medically necessary services.

15 (2) The type of medically necessary services to be received by the
16 patient cannot be obtained in a hospital in a city where the patient
17 resides.

18 SECTION 2. IC 12-15-11.5-4.1 IS AMENDED TO READ AS
19 FOLLOWS [EFFECTIVE DECEMBER 31, 2004 (RETROACTIVE)]:

20 Sec. 4.1. (a) A hospital that:

21 (1) does not have a contract in effect with the office's managed
22 care contractor; but

23 (2) previously contracted or entered into an agreement with the
24 office's managed care contractor for the provision of services
25 under the office's managed care program;

26 shall be reimbursed for services provided to individuals described in
27 section 2 of this chapter at rates equivalent to the rates negotiated under
28 the hospital's most recent contract or agreement with the office's
29 managed care contractor, as adjusted for inflation by the inflation
30 adjustment factor described in subsection (b). However, the adjusted
31 rates may not exceed the established Medicaid rates paid to Medicaid
32 providers who are not contracted providers in the office's managed
33 health care services program.

34 (b) For each state fiscal year beginning after June 30, 2001, an
35 inflation adjustment factor shall be applied under subsection (a) that is
36 the average of the percentage increase in the medical care component
37 of the Consumer Price Index for all Urban Consumers and the
38 percentage increase in the Consumer Price Index for all Urban
39 Consumers, as published by the United States Bureau of Labor
40 Statistics, for the twelve (12) month period ending in March preceding
41 the beginning of the state fiscal year.

42 (c) This section expires December 31, ~~2004~~ 2006.

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SECTION 3. IC 12-16-3.5-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. (a) The division shall adopt rules under IC 4-22-2 to establish income and resource eligibility standards for patients whose care is to be paid under the hospital care for the indigent program.

(b) To the extent possible **and subject to this article**, rules adopted under this section must meet the following conditions:

(1) Be consistent with IC 12-15-21-2 and IC 12-15-21-3.

(2) Be adjusted at least one (1) time every two (2) years.

(c) The income and eligibility standards established under this section do not include any spend down provisions available under IC 12-15-21-2 or IC 12-15-21-3.

(d) In addition to the conditions imposed under subsection (b), rules adopted under this section must exclude a Holocaust victim's settlement payment received by an eligible individual from the income and eligibility standards for patients whose care is to be paid for under the hospital care for the indigent program.

SECTION 4. IC 12-16-4.5-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. A hospital must file the application with the division not more than ~~thirty (30)~~ **forty-five (45)** days after the person has been ~~admitted to, or otherwise provided care by,~~ **released or discharged from** the hospital, unless the person is medically unable and the next of kin or legal representative is unavailable.

SECTION 5. IC 12-16-4.5-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. **Subject to this article**, the division shall adopt rules under IC 4-22-2 prescribing the following:

(1) The form of an application.

(2) The establishment of procedures for applications.

(3) The time for submitting and processing claims.

SECTION 6. IC 12-16-4.5-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 8. (a) A person may file an application directly with the division if the application is filed not more than ~~thirty (30)~~ **forty-five (45)** days after the person was ~~admitted to, or provided care by,~~ **released or discharged from** the hospital.

(b) Reimbursement for the costs incurred in providing care to an eligible person may only be made to the providers of the care.

SECTION 7. IC 12-16-5.5-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. The division shall, upon receipt of an application of or for a person who was

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admitted to, or who was otherwise provided care by, a hospital, promptly investigate to determine the person's eligibility under the hospital care for the indigent program. **Information regarding the person obtained by the hospital must be accepted by the division for purposes of determining the person's eligibility under the program. The division shall permit the person, or the person's representative if the person is not available, to be interviewed by telephone.** The county office located in:

- (1) the county where the person is a resident; or
- (2) the county where the onset of the medical condition that necessitated the care occurred if the person's Indiana residency or Indiana county of residence cannot be determined;

shall cooperate with the division in determining the person's eligibility under the program.

SECTION 8. IC 12-16-5.5-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. (a) Subject to subsection (b), if the division is unable after prompt and diligent efforts to verify information contained in the application that is reasonably necessary to determine eligibility, the division may deny assistance under the hospital care for the indigent program. **The division's failure to act within the time limit under IC 12-16-6.5-1.5 is not a valid reason to deny assistance under the hospital care for the indigent program.**

(b) Before denying assistance under the hospital care for the indigent program, the division must provide the person and the hospital written notice of:

- (1) the specific information or verification needed to determine eligibility and **the statute or rule requiring the information or verification;**
- (2) **the specific efforts taken to obtain the information or verification; and**
- ~~(2)~~ (3) the date on which the application will be denied if the information or verification is not provided within ten (10) days after the date of the notice.

SECTION 9. IC 12-16-6.5-1.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1.5. Subject to IC 12-16-5.5-3(b)(3), if the division does not complete an investigation and determination of a person's financial and medical eligibility under the hospital care for the indigent program under IC 12-16-3.5 within forty-five (45) days after receipt of the application filed under IC 12-16-4.5, the person shall be considered

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1 to be financially and medically eligible under the program, and the
 2 hospital, medical, and transportation services that are part of the
 3 application must be covered by the program.

4 SECTION 10. IC 12-16-6.5-2 IS AMENDED TO READ AS
 5 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. If the division

6 (1) fails to complete an investigation and determination of
 7 eligibility under the hospital care for the indigent program not
 8 more than forty-five (45) days after the receipt of the application
 9 filed under IC 12-16-4.5; or

10 (2) fails or refuses to accept responsibility for payment of medical
 11 or hospital care under the hospital care for the indigent program,
 12 a person, physician, hospital, or transportation provider affected may
 13 appeal to the division not more than ninety (90) days after the receipt
 14 of the application filed under IC 12-16-4.5.

15 SECTION 11. IC 12-16-11.5-1 IS REPEALED [EFFECTIVE
 16 UPON PASSAGE].

17 SECTION 12. An emergency is declared for this act.

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Public Health, to which was referred House Bill 1623, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Delete everything after the enacting clause and insert the following:

(SEE TEXT OF BILL)

and when so amended that said bill do pass.

(Reference is to HB 1623 as introduced.)

BECKER, Chair

Committee Vote: yeas 8, nays 0.

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